

EXHIBIT E3

**A REPORT TO THE LEGISLATIVE COUNCIL
AND THE SENATE AND HOUSE COMMITTEES
ON INSURANCE AND COMMERCE OF THE
ARKANSAS GENERAL ASSEMBLY
(AS REQUIRED BY ACT 1345 OF 2003)**

**ANNUAL FIRE LOSS REPORT
BY ARKANSAS COUNTY**



**Prepared by: Dan Honey, Deputy Commissioner, Compliance
Arkansas Insurance Department**

Approved by: Jay Bradford, State Insurance Commissioner

Date Submitted: August 29, 2013

ANNUAL REPORT REGARDING THE FIRE LOSS REPORTING ACT (Act 1345 of 2003)

Act 1345 of 2003 (Ark. Code Ann. § 23-88-401 *et seq.*) made the following determination:

It is found and determined by the General Assembly of the State of Arkansas that fire is the leading cause of insurance loss in the state; that the number of deaths due to fire are a major economic burden to the citizens and counties of this state; and that specific county by county fire loss data will help the counties better evaluate the preparedness and effectiveness of their fire fighting capabilities.

Attached hereto and incorporated herein by reference is the annual data compilation for calendar year 2012, required by the Act (Exhibit A).

Fire loss is one of many different kinds of losses a homeowner or business owner could suffer that would be covered by one of a variety of property coverages offered by insurers in our State. Results for 2012 vary by county and by insurer, but overall pure loss ratios from fire were approximately 26.91% for homeowner related coverages and 56.07% for commercial coverages. There are many other types of losses NOT included in this report that may be covered by the various property policies and include:

- | | |
|--|--|
| 1 Debris Removal | 16 Riot or Civil Commotion |
| 2 Reasonable Repairs | 17 Aircraft |
| 3 Trees, Shrubs and Other Plants | 18 Vehicles |
| 4 Fire Department Service Charge | 19 Smoke |
| 5 Property Removed | 20 Vandalism or Malicious Mischief |
| 6 Credit Care, Electronic Fund Transfer, Forgery | 21 Theft |
| 7 Loss Assessment | 22 Falling Objects |
| 8 Collapse | 23 Weight of Ice, Snow or Sleet |
| 9 Glass or Safety Glazing Material | 24 Accidental Discharge or Overflow of Water or Steam |
| 10 Landlord's Furnishings | 25 Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging |
| 11 Ordinance or Law | 26 Freezing |
| 12 Grave Markers | 27 Sudden and Accidental Damage from Artificially Generated Electrical Current |
| 13 Lightning | 28 Volcanic Eruption |
| 14 Windstorm or Hail | 29 Liability |
| 15 Explosion | |

The data in the aggregate¹ indicates that there is no apparent significant connection between fire losses and either the number of residences (policies written) or the number of businesses (policies written) contained in the county.

¹ Act 1345 requires that the data submitted by the insurers be reported by the Commissioner in the aggregate, Ark. Code Ann. § 23-88-402(b) and that the individual reports of the insurers be held confidential by the Commissioner, Ark. Code Ann. § 23-88-403.

Exhibit A
Act1345 Report for 2012 by County

County*	Personal Policies	Personal Premiums	Personal Losses	Fire Pure Loss Ratio	Average Pure Loss Per Policy	Commercial Policies	Commercial Premiums	Commercial Losses	Fire Pure Loss Ratio	Average Pure Loss Per Policy
Arkansas	11,166	8,831,985.00	1,795,067.00	20.32%	\$160.76	2,100	3,186,421.00	665,325.00	20.88%	\$316.82
Ashley	8,451	6,110,859.00	1,129,127.00	18.48%	\$133.61	901	1,402,805.00	5,907,846.00	421.15%	\$6,556.99
Baxter	22,704	14,019,117.00	3,229,200.00	23.03%	\$142.23	2,595	3,325,802.00	289,310.00	8.70%	\$111.49
Benton	91,516	64,048,395.00	13,251,351.00	20.69%	\$144.80	10,395	15,789,895.00	2,902,552.00	18.38%	\$279.23
Boone	16,148	11,066,075.00	2,881,322.00	26.04%	\$178.43	2,084	2,556,108.00	535,376.00	20.94%	\$256.90
Bradley	4,874	3,081,603.00	1,947,403.00	63.19%	\$399.55	498	742,309.00	22,774.00	3.07%	\$45.73
Calhoun	2,015	1,302,059.00	90,334.00	6.94%	\$44.83	197	339,766.00	2,188.00	0.64%	\$11.11
Carroll	11,390	8,708,045.00	1,874,526.00	21.53%	\$164.58	1,885	3,091,213.00	1,145,687.00	37.06%	\$607.79
Chicot	4,948	4,448,300.00	2,096,054.00	47.12%	\$423.62	633	1,187,505.00	1,357,249.00	114.29%	\$2,144.15
Clark	9,341	6,175,045.00	1,164,811.00	18.86%	\$124.70	1,128	2,192,697.00	105,153.00	4.80%	\$93.22
Clay	6,953	5,453,774.00	1,634,706.00	29.97%	\$235.11	809	1,399,417.00	239,607.00	17.12%	\$296.18
Cleburne	16,298	10,830,330.00	2,036,078.00	18.80%	\$124.93	1,515	2,068,830.00	43,053.00	2.08%	\$28.42
Cleveland	3,736	2,406,939.00	839,820.00	34.89%	\$224.79	252	330,679.00	252,564.00	76.38%	\$1,002.24
Columbia	10,051	6,866,604.00	1,560,050.00	22.72%	\$155.21	1,129	1,795,657.00	387,613.00	21.59%	\$343.32
Conway	10,053	6,698,545.00	2,396,029.00	35.77%	\$238.34	1,105	1,782,257.00	247,795.00	13.90%	\$224.25
Craighead	35,601	27,099,432.00	4,308,428.00	15.90%	\$121.02	5,428	8,417,717.00	2,253,511.00	26.77%	\$415.16
Crawford	22,889	15,808,839.00	5,232,290.00	33.10%	\$228.59	2,400	4,653,173.00	473,713.00	10.18%	\$197.38
Crittenden	17,331	13,150,085.00	2,842,888.00	21.62%	\$164.03	2,115	3,243,160.00	567,089.00	17.49%	\$268.13
Cross	6,859	5,855,025.00	1,270,637.00	21.70%	\$185.25	957	1,280,527.00	55,717,456.00	4351.13%	\$58,220.96
Dallas	3,484	2,107,988.00	632,902.00	30.02%	\$181.66	357	504,844.00	175,417.00	34.75%	\$491.36
Desha	5,109	4,856,872.00	1,411,668.00	29.07%	\$276.31	792	1,480,639.00	25,254.00	1.71%	\$31.89
Drew	7,446	4,679,252.00	888,045.00	18.98%	\$119.26	867	1,494,553.00	141,943.00	9.50%	\$163.72
Faulkner	42,977	28,774,860.00	5,956,751.00	20.70%	\$138.60	4,941	6,197,677.00	898,600.00	14.50%	\$181.87
Franklin	7,669	5,192,845.00	1,532,527.00	29.51%	\$199.83	781	1,186,717.00	113,184.00	9.54%	\$144.92
Fulton	5,264	3,240,098.00	2,254,036.00	69.57%	\$428.20	433	588,073.00	166,805.00	28.36%	\$385.23
Garland	50,052	33,595,819.00	8,030,786.00	23.90%	\$160.45	5,263	8,140,354.00	2,689,363.00	33.04%	\$510.99
Grant	7,922	5,320,683.00	736,772.00	13.85%	\$93.00	628	994,239.00	34,935.00	3.51%	\$55.63
Greene	16,391	10,895,167.00	2,995,514.00	27.49%	\$182.75	1,995	2,757,138.00	552,702.00	20.05%	\$277.04
Hempstead	7,985	5,448,722.00	1,407,318.00	25.83%	\$176.25	1,000	1,471,601.00	61,521.00	4.18%	\$61.52
Hot Springs	13,071	8,170,916.00	3,158,978.00	38.66%	\$241.68	1,011	1,640,119.00	33,567.00	2.05%	\$33.20
Howard	36,234	4,546,080.00	1,164,382.00	25.61%	\$32.14	727	1,059,781.00	27,786.00	2.62%	\$38.22
Independence	15,439	9,385,931.00	3,749,306.00	39.95%	\$242.85	1,869	2,685,065.00	749,975.00	27.93%	\$401.27
Izard	7,160	4,548,834.00	1,723,543.00	37.89%	\$240.72	542	655,669.00	44,036.00	6.72%	\$81.25
Jackson	6,219	5,309,790.00	1,035,744.00	19.51%	\$166.55	922	1,106,285.00	807,767.00	73.02%	\$876.10
Jefferson	24,842	17,999,311.00	4,997,869.00	27.77%	\$201.19	3,138	4,983,127.00	739,333.00	14.84%	\$235.61
Johnson	9,226	6,260,254.00	3,213,105.00	51.33%	\$348.27	1,022	1,460,390.00	14,772.00	1.01%	\$14.45
Lafayette	2,829	2,020,171.00	90,303.00	4.47%	\$31.92	356	414,317.00	722,616.00	174.41%	\$2,029.82
Lawrence	7,297	5,307,965.00	717,334.00	13.51%	\$98.31	785	1,104,182.00	485,633.00	43.98%	\$618.64
Lee	3,355	3,505,967.00	819,861.00	23.38%	\$244.37	338	690,029.00	179,251.00	25.98%	\$530.33
Lincoln	4,706	3,559,731.00	925,460.00	26.00%	\$196.66	514	825,063.00	271,852.00	32.95%	\$528.89
Little River	5,411	3,829,574.00	832,476.00	21.74%	\$153.85	539	910,870.00	68,727.00	7.55%	\$127.51
Logan	9,632	6,378,490.00	975,997.00	15.30%	\$101.33	1,001	1,355,517.00	348,165.00	25.69%	\$347.82
Lonoke	30,539	21,832,669.00	4,426,115.00	20.27%	\$144.93	2,906	2,877,683.00	1,806,347.00	62.77%	\$621.59
Madison	5,452	4,208,220.00	1,447,166.00	34.39%	\$265.44	546	880,460.00	9,661.00	1.10%	\$17.69
Marion	7,705	5,077,641.00	421,832.00	8.31%	\$54.75	695	1,191,249.00	32,334.00	2.71%	\$46.52
Miller	15,413	10,946,975.00	2,357,668.00	21.54%	\$152.97	1,454	3,067,321.00	172,559.00	5.63%	\$118.68
Mississippi	15,272	13,917,982.00	4,460,175.00	32.05%	\$292.05	1,926	4,253,322.00	748,957.00	17.61%	\$388.87
Monroe	4,103	3,887,714.00	1,771,121.00	45.56%	\$431.66	482	890,218.00	191,523.00	21.51%	\$397.35
Montgomery	4,604	2,941,173.00	289,188.00	9.83%	\$62.81	398	638,630.00	9,271.00	1.45%	\$23.29
Nevada	4,022	2,343,947.00	551,515.00	23.53%	\$137.12	345	459,112.00	11,960.00	2.61%	\$34.67
Newton	2,957	2,593,681.00	886,918.00	34.20%	\$299.94	284	340,581.00	0.00	0.00%	\$0.00
Ouachita	10,297	6,423,875.00	1,676,444.00	26.10%	\$162.81	1,044	1,911,276.00	514,624.00	26.93%	\$492.93
Perry	4,587	3,163,507.00	1,475,418.00	46.64%	\$321.65	382	365,701.00	253,753.00	69.39%	\$664.27
Phillips	8,012	6,864,009.00	3,599,103.00	52.43%	\$449.21	957	1,814,672.00	1,788,480.00	98.56%	\$1,868.84
Pike	4,989	3,487,831.00	1,272,549.00	36.49%	\$255.07	452	758,364.00	206,188.00	27.19%	\$456.17
Poinsett	9,192	8,660,824.00	1,812,646.00	20.93%	\$197.20	965	1,544,490.00	56,886.00	3.68%	\$58.95
Polk	9,393	6,249,726.00	597,433.00	9.56%	\$63.60	989	1,535,223.00	152,905.00	9.96%	\$154.61
Pope	23,271	16,007,912.00	6,846,328.00	42.77%	\$294.20	3,478	4,625,780.00	2,350,715.00	50.82%	\$675.88
Prairie	4,151	3,282,768.00	747,833.00	22.78%	\$180.16	478	517,393.00	472,242.00	91.27%	\$987.95
Pulaski	152,675	118,065,326.00	29,410,695.00	24.91%	\$192.64	20,344	34,972,433.00	16,145,170.00	46.17%	\$793.61
Randolph	6,875	4,513,923.00	1,093,186.00	24.22%	\$159.01	632	980,638.00	4,875.00	0.50%	\$7.71
Saline	41,639	28,952,596.00	7,046,898.00	24.34%	\$169.24	3,210	4,303,010.00	2,077,830.00	48.29%	\$647.30
Scott	4,910	3,341,525.00	1,309,984.00	39.20%	\$266.80	929	1,191,245.00	518,239.00	43.50%	\$557.85
Searcy	3,592	2,343,196.00	305,476.00	13.04%	\$85.04	433	366,803.00	86,815.00	23.67%	\$200.50
Sebastian	44,266	29,895,690.00	19,445,478.00	65.04%	\$439.29	5,987	10,397,923.00	2,976,798.00	28.63%	\$497.21
Sevier	7,367	5,185,083.00	1,386,617.00	26.74%	\$188.22	1,165	1,331,038.00	298,031.00	22.39%	\$255.82
Sharp	9,714	6,044,068.00	2,421,991.00	40.07%	\$249.33	903	919,364.00	374,612.00	40.75%	\$414.85
St. Francis	7,939	5,295,605.00	2,937,900.00	55.48%	\$370.06	1,025	1,457,142.00	3,968,899.00	272.38%	\$3,872.10
Stone	5,857	5,075,291.00	1,526,203.00	30.07%	\$260.58	821	895,726.00	6,625.00	0.74%	\$8.07
Union	16,999	11,013,120.00	1,978,570.00	17.97%	\$116.39	2,131	5,213,917.00	490,236.00	9.40%	\$230.05
Van Buren	8,140	5,491,476.00	1,915,514.00	34.88%	\$235.32	1,123	1,260,150.00	262,344.00	20.82%	\$233.61
Washington	68,748	49,294,375.00	8,293,031.00	16.82%	\$120.63	9,974	17,213,620.00	1,456,671.00	8.46%	\$146.05
White	30,762	25,303,159.00	7,160,977.00	28.30%	\$232.79	4,137	5,301,618.00	889,656.00	16.78%	\$215.05
Woodruff	3,441	3,426,754.00	821,339.00	23.97%	\$238.69	429	801,743.00	1,456,302.00	181.64%	\$3,394.64
Yell	8,386	5,760,247.00	2,910,459.00	50.53%	\$347.06	917	1,437,703.00	84,763.00	5.90%	\$92.44
Totals	1,197,313	837,788,264.00	225,434,568.00	26.91%	\$188.28	139,888	218,207,735.00	122,345,336.00	56.07%	\$874.59

* See attached "Explanations of Column Headings" for descriptions of the information contained in each column

Red text Fire Losses ABOVE State Average

Green text Fire Losses BELOW State Average

Explanation of Column Headings:

County: The political subdivision of the State of Arkansas for which the relative information required by Act 1345 of 2003 was furnished by the reporting insurance companies

Personal Policies: Policies of insurance covering only risks commonly associated with owning or renting a family residence such as those from fire, vandalism, theft, liability and other sudden and accidental events

Personal Premiums: Premiums for personal policy risks

Personal Losses: Losses for personal policy risks that derive only from the risk of fire. A typical loss ratio including all losses for an insurance policy along with the cost to investigate the loss, settle the claim and otherwise administer the policy usually exceed 100% with the excess being offset by investment and marketing considerations. Fire is typically a small portion of that total amount as reflected in the report. Therefore, for purposes of the Act, the following risks typically covered by a personal policy are NOT included in the column "Personal Losses":

- | | |
|--|--|
| 1 Debris Removal | 16 Riot or Civil Commotion |
| 2 Reasonable Repairs | 17 Aircraft |
| 3 Trees, Shrubs and other plants | 18 Vehicles |
| 4 Fire Department Service Charge | 19 Smoke |
| 5 Property Removed | 20 Vandalism or Malicious Mischief |
| 6 Credit Card, Electronic Fund Transfer, Forgery | 21 Theft |
| 7 Loss Assessment | 22 Falling Objects |
| 8 Collapse | 23 Weight of Ice, Snow or Sleet |
| 9 Glass or Safety Glazing Material | 24 Accidental Discharge or Overflow of Water or Steam |
| 10 Landlord's Furnishings | 25 Sudden and Accidental Tearing apart, Cracking, Burning or Bulging |
| 11 Ordinance or Law | 26 Freezing |
| 12 Grave Markers | 27 Sudden and Accidental Damage from Artificially Generated Electrical Current |
| 13 Lightning | 28 Volcanic Eruption |
| 14 Windstorm or Hail | 29 Liability |
| 15 Explosion | |

Fire Pure Loss Ratio: For the Personal portion of the report, this ratio is determined by dividing the "Personal Losses" by "Personal Premiums". For the Commercial portion of the report, this ratio is determined by dividing "Commercial Losses" by "Commercial Premium."

Average Pure Loss Per Policy: For the Personal portion of the report, this ratio is determined by dividing "Personal Losses" by "Personal Policies". For the Commercial portion of the report, this ratio is determined by dividing "Commercial Losses" by "Commercial Policies."

Commercial Policies: Policies of insurance covering only risks commonly associated with the ownership or leasing of property in which a business produces, distributes or sells tangible goods to, or provides a service to its customers

Commercial Premiums: Premiums for commercial policy risks

Commercial Losses: Losses for commercial policy risks that derive only from the risk of fire. A typical loss ratio including all losses for an insurance policy, along with the cost to investigate the loss, settle the claim and otherwise administer the policy, usually exceed 100% with the excess being offset by investment and marketing considerations.

Fire is typically a small portion of that total amount as reflected in the report. Therefore, for purposes of the Act, the following risks typically covered by a commercial policy are NOT included in the column "Commercial Losses":

- | | |
|---|---|
| 1 Debris Removal | 16 Riot or Civil Commotion |
| 2 Reasonable Repairs | 17 Aircraft |
| 3 Trees, Shrubs and other plants | 18 Vehicles |
| 4 Fire Department Service Charge | 19 Smoke |
| 5 Property Removed | 20 Vandalism or Malicious Mischief |
| 6 Credit Care, Electronic Fund Transfer, Forgery | 21 Theft |
| 7 Loss Assessment | 22 Falling Objects |
| 8 Collapse | 23 Weight of Ice, Snow or Sleet |
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